STATE OF CALIFORNIA PETE WILSON, Governor

CALIFORNIA LAW REVISION COMMISSION

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April 10, 1998

Date: April 23, 1998	Place: Sacramento	
Apr. 23 (Thur.) 10:00 am – 5:00 pm	State Capitol, Room 126	
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PLEASE NOTE DATE AND TIME OF RESCHEDULED MEETING

FINAL AGENDA

for meeting of the

CALIFORNIA LAW REVISION COMMISSION

- 1. MINUTES OF MARCH 19-20, 1998, MEETING (sent 4/6/98)
- 2. ADMINISTRATIVE MATTERS

Report of Executive Secretary

3. 1998 LEGISLATIVE PROGRAM

Status of Bills

Memorandum 98-23 (NS) (to be sent)

SB 2063 — Business Judgment Rule (Study B-601)

Memorandum 98-24 (NS) (to be sent)

4. Trial Court Unification (Study J-1300)

Miscellaneous Issues

Memorandum 98-25 (BG) (sent 4/10/98) First Supplement to Memorandum 98-25 (to be sent)

5. JUDICIAL REVIEW OF AGENCY ACTION (STUDY N-200)

SB 209 Followup

Memorandum 98-29 (RM) (sent 4/2/98)

6. ADMINISTRATIVE RULEMAKING

Consent Regulations (Study N-302)

Memorandum 98-30 (BH) (sent 4/9/98)

7. HEALTH CARE DECISIONS (STUDY L-4000)

Staff Draft Tentative Recommendation

Memorandum 98-28 (SU) (to be sent)

8. Environment Code (Study E-100)

Division 1 — Rules of Construction and Definitions

Memorandum 98-31 (BH) (sent 4/2/98)

Division 2 — General Provisions

Memorandum 98-26 (BH) (sent 4/2/98)

Division 3 — California Environmental Quality Act

Memorandum 98-21 (NS) (sent 4/3/98)

First Supplement to Memorandum 98-21 (sent 4/9/98)

Division 4 — Air Resources: Part 3

Memorandum 98-27 (BH) (to be sent)

MINUTES OF MEETING

CALIFORNIA LAW REVISION COMMISSION

APRIL 23, 1998

SACRAMENTO

A meeting of the California Law Revision Commission was held in Sacramento on April 23, 1998.

Commission:

Present: Edwin K. Marzec, Chairperson

Arthur K. Marshall, Vice Chairperson Bion M. Gregory, Legislative Counsel

Sanford Skaggs

Howard Wayne, Assembly Member

Colin Wied

Absent: Robert E. Cooper

Quentin L. Kopp, Senate Member

Staff: Nathaniel Sterling, Executive Secretary

Stan Ulrich, Assistant Executive Secretary

Barbara S. Gaal, Staff Counsel Brian P. Hebert, Staff Counsel Robert J. Murphy, Staff Counsel

Consultants: David M. English, Health Care Decisions

Other Persons:

Frank Coats, Department of Motor Vehicles, Sacramento Alice Mead, California Medical Association, San Francisco Ronald Baker Miller, Council on Ethical Affairs, California Medical Association, Anaheim Hills and Irvine

CONTENTS			
Minutes of March 19-20, 1998, Meeting			
Administrative Matters			
1998 Legislative Program			
Study B-601 – Business Judgment Rule			
Study E-100 – Environmental Law Consolidation			

Study J-1300 – Trial Court Unification	Į
Study L-4000 – Health Care Decisionmaking	
Study N-200 – Judicial Review of Agency Action	<u> </u>
Study N-302 - Consent Regulations and Other Noncontroversial Regulations	<u>;</u>

MINUTES OF MARCH 19-20, 1998, MEETING

The Minutes of the March 19-20, 1998, Commission meeting were approved with the following corrections:

On page 5, line 12, revise "Memorandum 98-2" to read "Memorandum 98-22"
On page 5, line 24, after "Memorandum 98-13" insert "and its First Supplement"

ADMINISTRATIVE MATTERS

The Executive Secretary reported that the Governor has not yet acted to fill the two vacancies on the Commission.

1998 LEGISLATIVE PROGRAM

The Commission considered Memorandum 98-23, relating to the Commission's 1998 legislative program. The staff supplemented this memorandum with the information that (1) SCR 65 has been approved by Senate Appropriations Committee, and (2) the proposal to have the Public Utilities Commission report annually to the Legislature on telecommunications deregulation "in consultation with the Law Revision Commission" has been amended into AB 1973 (Campbell) and approved by the Assembly Committee on Utilities and Commerce.

Assembly Member Wayne reported that he has located a vehicle for the ALJ Code of Ethics recommendation — AB 2164 (Wayne). On the issue of application of Canon 3D(3) of the Code of Judicial Ethics (requiring that criminal prosecutions be reported to the Commission on Judicial Performance) to administrative law judges, the Commission suggested that in the case of an administrative law judge the report be made to the appropriate disciplinary authority. Assembly Member Wayne inquired whether infractions are required to be reported. [Staff Note: Canon 3D(3) excludes infractions, as well as misdemeanors not involving moral turpitude.]

STUDY B-601 – BUSINESS JUDGMENT RULE

The Commission considered Memorandum 98-24, relating to the business judgment rule. The Commission adopted the staff recommendation for Comment revisions set out in the memorandum, except as follows:

Definition of interested director. The Comment should deal narrowly with ownership of shares in the corporation by the director.

Protection for board (as opposed to individual director). The Commission decided not to attempt to address this matter in the Comment.

STUDY E-100 - ENVIRONMENTAL LAW CONSOLIDATION

The Commission considered new issues relating to material that it had previously approved for inclusion in the draft Environment Code. The Commission also continued its consideration of new material proposed for inclusion in the draft Environment Code.

Division 1 — Rules of Construction and Definitions

The Commission considered Memorandum 98-31, relating to Division 1 of the Environment Code (Rules of Construction and Definitions). The Commission made the following decisions relating to Division 1:

Title. The Commission approved the use of "title" as a hierarchical division in the proposed Environment Code. Titles will be used between parts and chapters, as necessary. Conforming changes will be made to proposed Sections 5 and 8.

Definitions. Generally applicable definitions of the terms "oath," "public agency," and "state" will be added as proposed Sections 65, 75, and 80, respectively.

Division 2 — General Provisions

The Commission considered Memorandum 98-26, relating to Division 2 of the Environment Code (General Provisions). In light of the potential for political opposition to codification of the Governor's Reorganization Plan No. 1 of 1991, the Commission decided that Part 1 of Division 2 of the proposed Environment Code will be withdrawn from the draft and the part reserved for future use. Once the political controversy relating to the Plan is resolved, the Commission will return to this material to consider how best to continue the law relating to environmental agencies. Sections affected by the Plan that are not included in Part 1 of Division 2 of the proposed Environment Code will not be withdrawn.

Division 3 — California Environmental Quality Act

- 2 The Commission considered Memorandum 98-21 and its First Supplement,
- 3 relating to Division 3 of the Environment Code (California Environmental
- 4 Quality Act). The Commission approved the draft attached to the memorandum
- 5 for inclusion in the draft code when it is circulated for comment.

6 Division 4 — Air Quality

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- 7 The Commission considered Memorandum 98-27, relating to Part 3 of
- 8 Division 4 of the Environment Code (Air Resources). The Commission approved
- 9 the draft attached to the memorandum for inclusion in the draft code when it is
- 10 circulated for comment.

STUDY J-1300 – TRIAL COURT UNIFICATION

12 The Commission considered Memorandum 98-25 and its First Supplement,

relating to implementing legislation for SCA 4. The Commission made the

14 following decisions:

Issues in Judicial Administration Appropriate for Future Study

The implementing legislation would preserve existing procedural distinctions between traditional superior court cases, traditional municipal court cases, and small claims cases. The Commission's report should make clear that although the implementing legislation preserves this three track system, the Commission strongly recommends reexamining the system and its underlying policies in light

21 of unification.

Appeals in Civil Cases

As suggested by the State Bar Litigation Section and the State Bar Committee

on Administration of Justice, proposed Code of Civil Procedure Section 904.3

should be deleted from the draft legislation. The amendments of Code of Civil

26 Procedure Sections 904.1 and 904.2 should be revised to read:

Code Civ. Proc. § 904.1 (amended). Taking appeal

SEC. _____. Section 904.1 of the Code of Civil Procedure is amended to read:

904.1. (a) An appeal may be taken from a superior court in the following cases An appeal, other than in a limited civil case, is to the court of appeal. An appeal, other than in a limited civil case,

may be taken from any of the following:

- (1) From a judgment, except (A) an interlocutory judgment, other than as provided in paragraphs (8), (9), and (11), (B) a judgment of contempt which is made final and conclusive by Section 1222, or (C) a judgment on appeal from a municipal court or a justice court or a small claims court, or (D) a judgment granting or denying a petition for issuance of a writ of mandamus or prohibition directed to a municipal court or a justice court the superior court in a county in which there is no municipal court or the judge or judges thereof which relates to a matter pending in the municipal or justice superior court. However, an appellate court may, in its discretion, review a judgment granting or denying a petition for issuance of a writ of mandamus or prohibition, or a judgment or order for the payment of monetary sanctions, upon petition for an extraordinary writ.
- (2) From an order made after a judgment made appealable by paragraph (1).
- (3) From an order granting a motion to quash service of summons or granting a motion to stay or dismiss the action on the ground of inconvenient forum.
- (4) From an order granting a new trial or denying a motion for judgment notwithstanding the verdict.
- (5) From an order discharging or refusing to discharge an attachment or granting a right to attach order.
- (6) From an order granting or dissolving an injunction, or refusing to grant or dissolve an injunction.
 - (7) From an order appointing a receiver.
- (8) From an interlocutory judgment, order, or decree, hereafter made or entered in an action to redeem real or personal property from a mortgage thereof, or a lien thereon, determining the right to redeem and directing an accounting.
- (9) From an interlocutory judgment in an action for partition determining the rights and interests of the respective parties and directing partition to be made.
- (10) From an order made appealable by the provisions of the Probate Code or the Family Code.
- (11) From an interlocutory judgment directing payment of monetary sanctions by a party or an attorney for a party if the amount exceeds five thousand dollars (\$5,000).
- (12) From an order directing payment of monetary sanctions by a party or an attorney for a party if the amount exceeds five thousand dollars (\$5,000).
- (b) Sanction orders or judgments of five thousand dollars (\$5,000) or less against a party or an attorney for a party may be reviewed on an appeal by that party after entry of final judgment in the main action, or, at the discretion of the court of appeal, may be reviewed upon petition for an extraordinary writ.

1	Code Civ. Proc. § 904.2 (amended). Taking appeal in limited civil
2	case
3	SEC Section 904.2 of the Code of Civil Procedure is
4	amended to read:
5	904.2. An appeal may be taken from a municipal or justice court
6	in the following cases An appeal in a limited civil case is to the
7	appellate division of the superior court. An appeal in a limited civil
8	case may be taken from any of the following:
9	(a) From a judgment, except (1) an interlocutory judgment, or
10	(2) a judgment of contempt which is made final and conclusive by Section 1222.
11 12	(b) From an order made after a judgment made appealable by
13	subdivision (a).
14	(c) From an order changing or refusing to change the place of
15	trial.
16	(d) From an order granting a motion to quash service of
17	summons or granting a motion to stay or dismiss the action on the
18	ground of inconvenient forum.
19	(e) From an order granting a new trial or denying a motion for
20	judgment notwithstanding the verdict.
21	(f) From an order discharging or refusing to discharge an
22	attachment or granting a right to attach order.
23	(g) From an order granting or dissolving an injunction, or
24	refusing to grant or dissolve an injunction.
25	(h) From an order appointing a receiver.
26	(i) From a judgment of the small claims court.
27	Application for Reclassification
28	The Commission requested further research and analysis of whether an
29	application for reclassification should extend the time to answer or otherwise
30	respond to the initial pleading. In the interim, proposed Code of Civil Procedure
31	Section 395.9 should be revised along the following lines:
32	Code Civ. Proc. § 395.9 (added). Misclassification as limited civil
33	case or otherwise
34	SEC Section 395.9 is added to the Code of Civil Procedure
35	to read:
36	395.9. (a) In a county in which there is no municipal court, if the
37	caption of the complaint, cross-complaint, petition, or other initial
38	pleading erroneously states or fails to state, pursuant to Section
39	422.30, that the action or proceeding is a limited civil case, the
40	action or proceeding shall not be dismissed, except as provided in

Section 399.5 or subdivision (b)(1) of Section 581, but shall, on the duly noticed application of either party within 30 days after service of the defendant or cross-defendant within the time allowed for

41 42 43 that party to respond to the initial pleading, or on the court's own motion at any time, be reclassified as a limited civil case or otherwise. The action or proceeding shall then be prosecuted as if it had been so commenced, all prior proceedings being saved. If summons is served before the court rules on reclassification of the action or proceeding, as to any defendant, so served, who has not appeared in the action or proceeding, the time a party applies for reclassification, the time for that party to answer or otherwise plead shall date from the denial of reclassification or, if reclassification is granted, from service upon that defendant party of written notice that the clerk has refiled the case pursuant to Section 399.5.

- (b) If an action or proceeding is commenced as a limited civil case or otherwise pursuant to Section 422.30, and it later appears from the verified pleadings, or at the trial, or hearing, that the determination of the action or proceeding, or of a cross-complaint, will necessarily involve the determination of questions inconsistent with that classification, the court shall, on the application of either any party within 30 days after the party is or reasonably should be aware of the grounds for misclassification, or five days in a proceeding for unlawful detainer, forcible detainer, or forcible entry, or on the court's own motion at any time, reclassify the case.
- (c) An application for reclassification pursuant to this section shall be supported by a declaration, affidavit, or other evidence if necessary to establish that the case is misclassified. A declaration, affidavit, or other evidence is not required if the grounds for misclassification appear on the face of the challenged pleading.
- (d) An action or proceeding which is reclassified under the provisions of this section shall be deemed to have been commenced at the time the complaint or petition was initially filed, not at the time of reclassification.
- (e) Nothing in this section shall be construed to preclude or affect the right to amend the pleadings as provided in this code.
- (f) Nothing in this section shall be construed to require the superior court to reclassify any action or proceeding because the judgment to be rendered, as determined at the trial or hearing, is one which might have been rendered in a limited civil case.
- (g) In any case where the erroneous classification is due solely to an excess in the amount of the demand, the excess may be remitted and the action may continue as a limited civil case.
- (h) Upon the making of an order for reclassification, proceedings shall be had as provided in Section 399.5. Unless the court ordering the reclassification otherwise directs, the costs and fees of those proceedings, and other costs and fees of reclassifying the case, including any additional amount due for filing the initial pleading, are to be paid by the party filing the pleading that erroneously classified the case.

- 1 In light of its request for further research and analysis, the Commission deferred
- 2 consideration of the issues relating to Code of Civil Procedure Section 1167.3
- 3 (time to respond in unlawful detainer case).

4 Code Civ. Proc. § 580. Relief awardable

The proposed amendment of Code of Civil Procedure Section 580 should be revised along the following lines:

- 580. (a) The relief granted to the plaintiff, if there is no answer, cannot exceed that which he or she shall have demanded in his or her complaint or in the statement required by Section 425.11; but in any other case the court may grant the plaintiff any relief consistent with the case made by the complaint and embraced within the issue. The court may impose liability, regardless of whether the theory upon which liability is sought to be imposed involves legal or equitable principles.
- (b) Notwithstanding subdivision (a), the following types of relief may not be granted in a limited civil case:
- (1) Relief exceeding twenty-five thousand dollars (\$25,000) the maximum amount in controversy for a limited civil case as provided in Section 85, exclusive of attorney fees, interest, and costs.
 - (2) A permanent injunction.
 - (3) A determination of title to real property.
 - (4) Enforcement of an order under the Family Code.
 - (5) Declaratory relief, except as authorized by Section 86.
- 25 The Comment should be revised accordingly.

Code Civ. Proc. § 996.430. Enforcement of liability on bond

The following amendment of Code of Civil Procedure Section 996.430 should be added to the SCA 4 implementing legislation:

996.430. (a) The liability on a bond may be enforced by civil action. Both the principal and the sureties shall be joined as parties to the action.

(b) If the bond was given in an action or proceeding, the action shall be commenced in the court in which the action or proceeding was pending. If the bond was given other than in an action or proceeding, the action shall be commenced in any court of competent jurisdiction, and the amount of damage claimed in the action, not the amount of the bond, determines the jurisdiction of the court classification of the case (limited civil case or otherwise).

1 (c) A cause of action on a bond may be transferred and assigned as other causes of action.

Comment. Section 996.430 is amended to accommodate unification of the municipal and superior courts in a county. Cal. Const. art. VI, § 5(e). See Section 85 (limited civil cases) & Comment.

Welf. & Inst. Code §§ 656, 661. Petition to declare a minor a ward of the court

The staff should research the concept of "juvenile court judge sitting as a municipal court judge" and prepare appropriate amendments of Welfare and Institutions Code Sections 656 and 661.

STUDY L-4000 - HEALTH CARE DECISIONMAKING

The Commission considered Memorandum 98-28, including the staff draft of the tentative recommendation on *Health Care Decisions for Incapacitated Adults*, and its First Supplement. The Commission approved circulation of the tentative recommendation, subject to the following decisions:

Prob. Code § 4653. Mercy killing, assisted suicide, euthanasia not approved

This section should be revised to split it into two sentences for clarity, and the Comment should provide additional guidance:

4653. Nothing in this division does not shall be construed to condone, authorize, or approve mercy killing, assisted suicide, or euthanasia, nor does it. This division is not intended to permit any affirmative or deliberate act or omission to end life other than the withholding or withdrawal of health care pursuant to an advance health care directive or, by a surrogate, or as otherwise provided, so as to permit the natural process of dying.

Comment. Section 4653 continues the first sentence of former Section 4723 without substantive change, and is consistent with Section 13(c) of the Uniform Health-Care Decisions Act (1993). This section also continues the substance of former Health and Safety Code Section 7191.5(g) (Natural Death Act). The language of this section has been revised to conform to the broader scope of this division. This section provides a rule governing the interpretation of this division. It is not intended as a general statement beyond the scope of this division nor is it intended to affect any other authority that may exist.

See Sections 4670 et seq. (advance health care directives), 4710 et seq. (health care surrogates), 4725 (surrogate rules applicable to surrogate committee). See also Sections 4605 ("advance health care

directive" defined), 4615 ("health care" defined), 4639 ("surrogate" defined).

§ 4665. Application to existing advance directives

The Commission decided to continue the draft statute rule applying the new law to instruments executed before the operative date. The question of how to treat durable powers of attorney for health care that will have expired or been revoked by operation of law under the rules in the existing law was discussed. The Commission decided that the new rule permitting advance directives to be read together, with the later directive prevailing in the case of a conflict, should be applied (see draft Section 4698). As a practical matter, the issue rarely, if ever, arises; if it does, the directives are likely to be interpreted in the clinical setting without considering that a former statutory rule may have acted to revoke the first of two powers executed before the new law took effect.

§ 4697. Effect of dissolution or annulment

The rule revoking designation of a spouse as agent upon dissolution or annulment and reviving the designation on remarriage was affirmed for the sake of consistency with the California rules governing powers of attorney generally and wills.

§ 4701. Optional form of advance directive

The separate instruction concerning artificial nutrition and hydration in the optional form (Item 7 of Part 2) should be deleted. A patient would be able to include whatever instructions are desired in the "other wishes" part of the form, but it is not desirable to encourage potentially conflicting instructions, which could occur where the patient selects "(a) Choice Not To Prolong Life" and then overrides it with the instruction to continue artificial nutrition and hydration "regardless of my condition and regardless of the choice I have made in paragraph (6)." There could also be a conflict if the patient has checked "(b) Choice To Prolong Life" consistent with "generally accepted health care standards." This change will make the optional form consistent with the approach of the statute as a whole, which includes rules mandating health care in accordance with generally accepted standards (draft Section 4654) and does not require application of futile care (draft Section 4735).

§ 4722. Composition of surrogate committee

 The description of the nurse member of the surrogate committee in subdivision (a)(2) should include the requirement that the nurse be knowledgeable about the patient whose care is under consideration.

The person or entity that is responsible for establishing the surrogate committee should be indicated in this section, or elsewhere in this chapter. It is assumed that the health care institution will establish the surrogate committee in a case where the patient is under the care of an institution, but in other cases, although they will be rare, the statute should provide for establishment of a surrogate committee by the county health officer or other appropriate authority.

§ 4736. Duty of declining health care provider or institution

The Commission discussed the tension between this section requiring provision of "continuing care" until a transfer of the patient can be made in a situation where a health care provider declines to comply with a health care decision, and Section 4735 permitting a health care provider to decline to provide ineffective care or care contrary to generally accepted health care standards. A number of alternatives were discussed, including restricting Section 4736 to the cases described in Section 4734 (declining due to conscience or institutional policy), and limiting the duty to continue care until a time when it becomes apparent that a transfer is impossible. Representatives of the medical community noted that this issue is currently under debate in medical ethics circles, and the general consensus appeared to be that the statute could not at this stage resolve this complicated issue. Perhaps the best solution for now is to note in the Comment to this section that it does not attempt to resolve the issue that may arise if transfer cannot be accomplished.

§ 4742. Statutory damages

The amounts of damages should be set at \$2500 (for violation of the act) and \$10,000 (for interference with a person's advance directive or the right to execute a directive).

Other Issues

Several other issues raised in the staff notes in the draft were not considered or resolved. The Commission decided it was best to circulate the tentative recommendation for comment rather than holding it for further refinement. Several of the major issues that have been discussed but not resolved will benefit

- from wider review and comment. The unconsidered issues will be presented to
- 2 the Commission when the comments on the tentative recommendation are
- 3 considered in the fall, probably at the September meeting.

4 Review of Scope of Court-Authorized Medical Treatment Statute

The question of expansion of the scope of the statute governing courtauthorized medical treatment (Prob. Code §§ 3200-3211) to cover withholding or withdrawal of life-sustaining treatment should be reviewed by the staff and presented for Commission consideration at a future meeting.

STUDY N-200 – JUDICIAL REVIEW OF AGENCY ACTION

The Commission considered Memorandum 98-29 and its First Supplement. The Commission approved the staff recommendation not to proceed further with the judicial review project.

STUDY N-302 – CONSENT REGULATIONS AND OTHER NONCONTROVERSIAL REGULATIONS

The Commission considered Memorandum 98-30 and its First Supplement, presenting and discussing a draft tentative recommendation relating to the procedures to be followed when an agency takes a noncontroversial regulatory action. The Commission approved distribution of a tentative recommendation, subject to the following decisions:

Consistency in Required Findings

In order to provide greater consistency between the findings that an agency must make before public comment and the updated findings that an agency must make after public comment, the following amendment to Section 11346.5(a)(5) will be incorporated as a conforming amendment in the tentative recommendation:

11346.5. (a)(5). A determination as to whether the regulation imposes a mandate on local agencies or school districts and, if so, whether the mandate requires state reimbursement pursuant to Part 7 (commencing with Section 17500) of Division 4. If the agency determines that the regulation imposes a mandate on local agencies or school districts, but finds that the mandate is not reimbursable, the agency shall state the reasons for that finding.

Comment. Section 11346.5(a)(5) is amended to conform its requirements to those of Section 11346.9(a)(2).

Consistency in Terminology

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In order to provide greater consistency between the terminology used in the 2 3 existing rulemaking procedures and in the proposed consent regulation procedure, the word "assess" will be replaced with the word "determine" in proposed Section 11365.020(b), and the word "assessment" will be replaced with the word "determination" in proposed Section 11365.040(b)(5). Comments to these sections will discuss their relation to similar provisions in the existing rulemaking scheme. 8

Typographical Error

The reference to paragraph (5) in proposed Section 11365.020(g) is erroneous and will be replaced with a reference to subdivision (e).

APPROVED AS SUBMITTED	Date
APPROVED AS CORRECTED (for corrections, see Minutes of next meeting)	Chairperson
-	Executive Secretary